

April 2025

ZSE GROUP INVESTOR PRESENTATION

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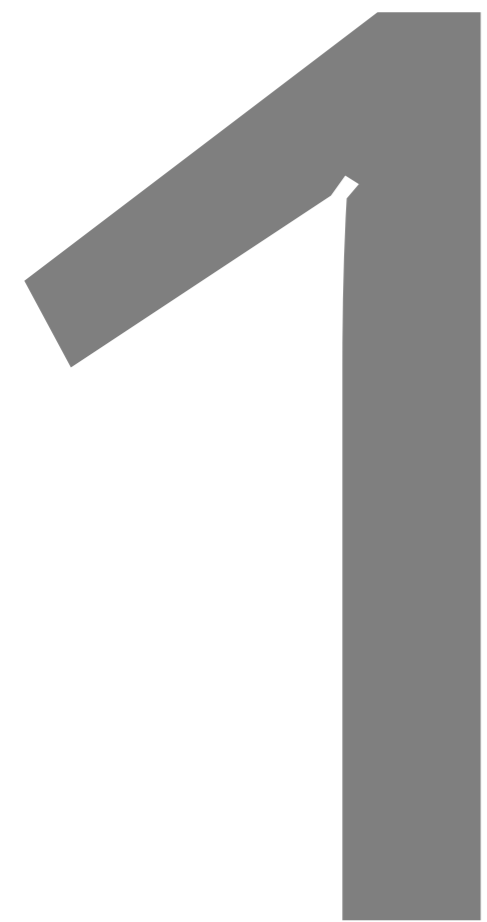
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Content

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- 2.** ZSE at a glance
- 3.** Distribution business
- 4.** Sales business
- 5.** Key highlights
- A.** Appendix

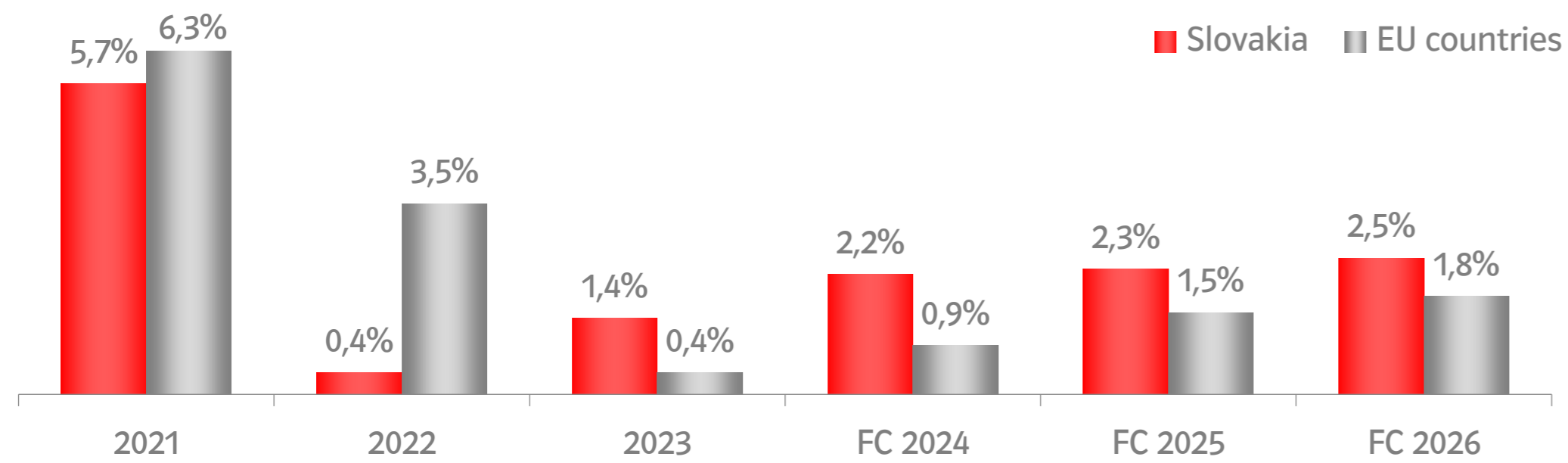


Slovakia country overview

Slovakia economic position

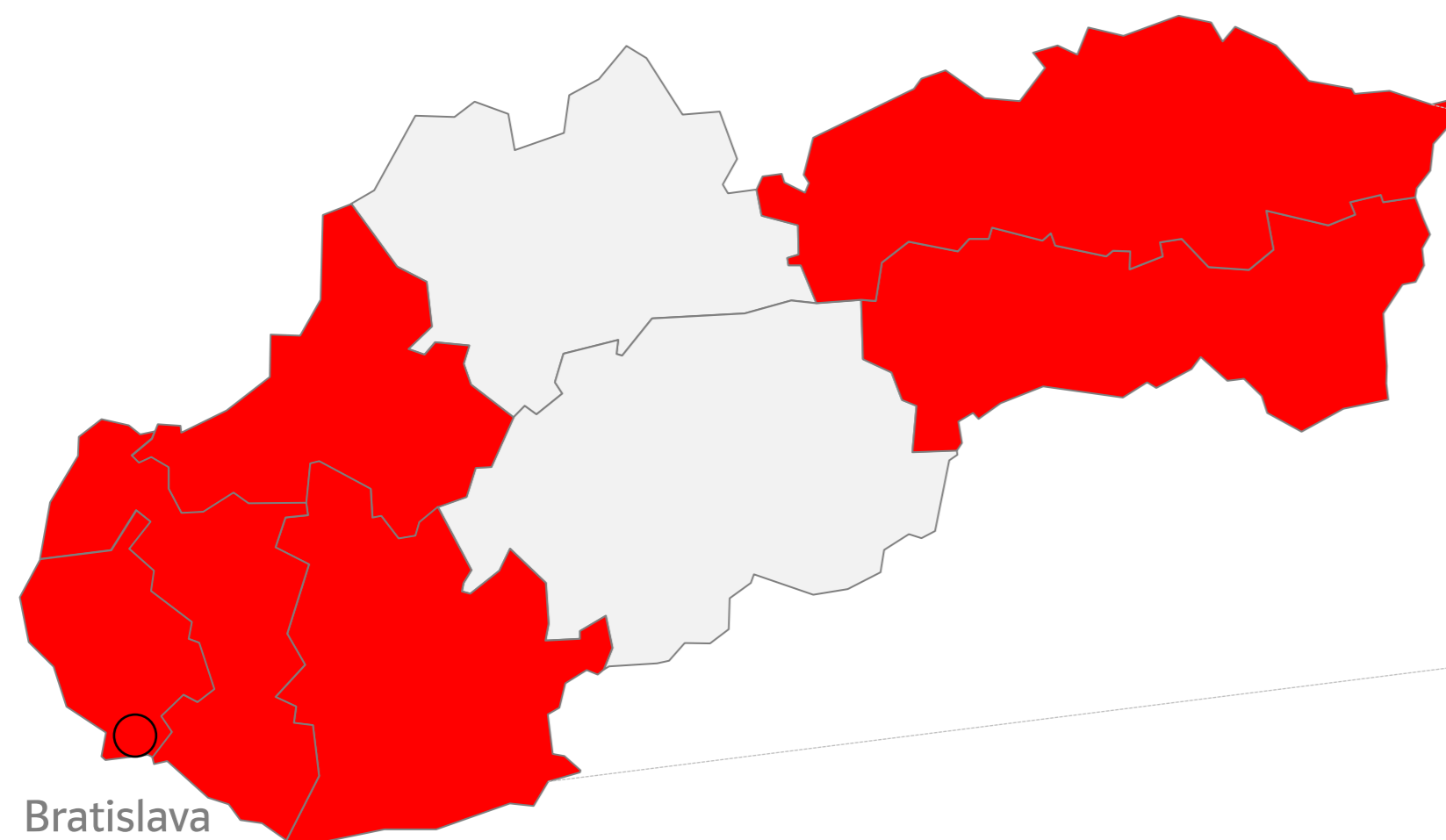
Slovak GDP Growth Forecast in Comparison to EU

Real GDP Growth (%)*



Credit Rating

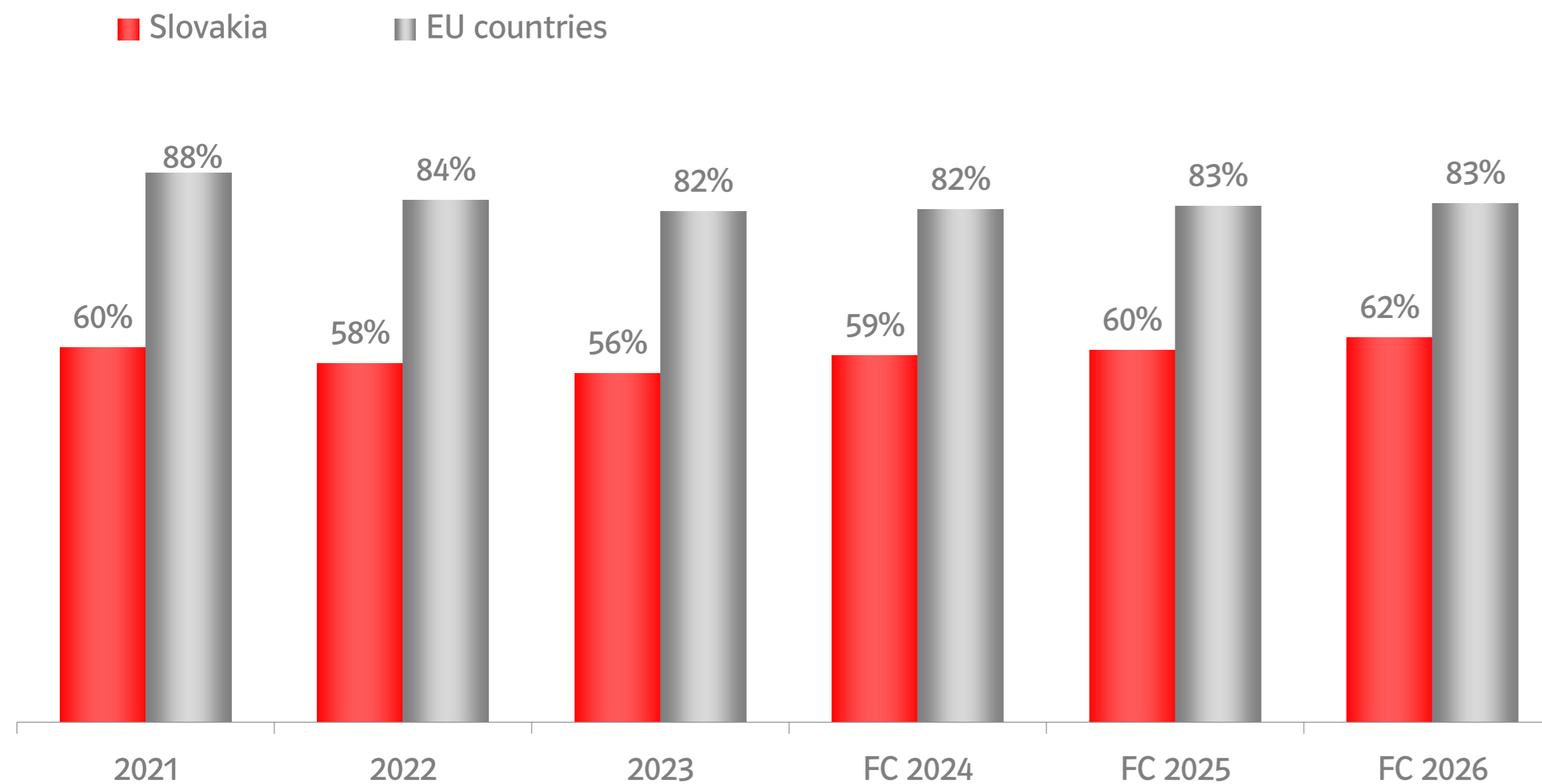
Agency	Rating	Outlook
S&P	A+	Negative
Moody's	A3	Stable
Fitch	A-	Stable



*Source: Actuals – Eurostat; Forecasts: European Commission forecast (Autumn 2024)

Slovakia national debt development

Public Debt over GDP (%)*



Slovakia Factsheet

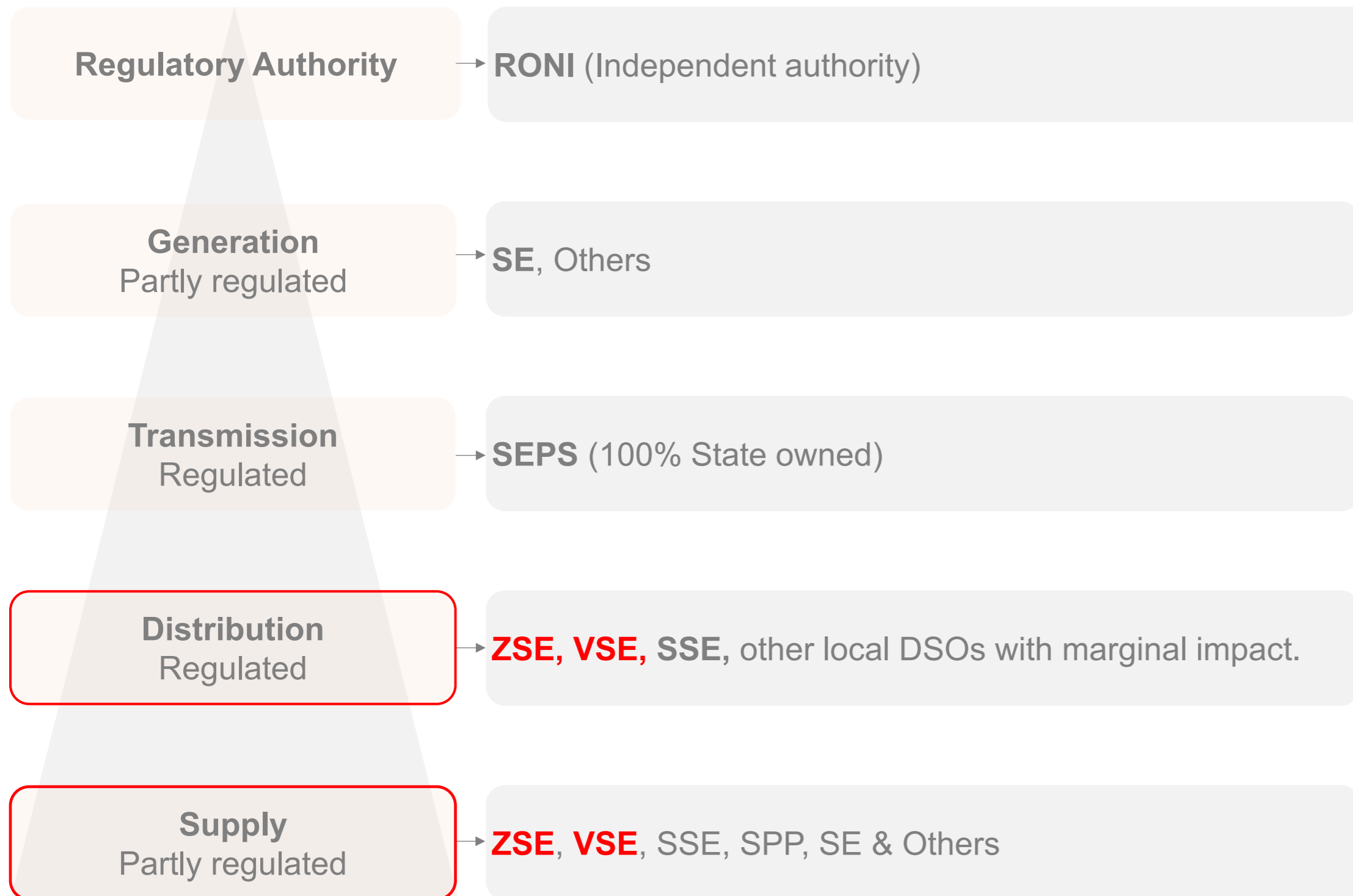
Capital:	Bratislava
Type of government:	Parliamentary system
Membership in:	EU, Schengen Area, OECD, WTO, NATO
Currency:	EURO
Area:	49,035 km ²
Population:	5,4 million
Time zone:	GMT + 1 hour



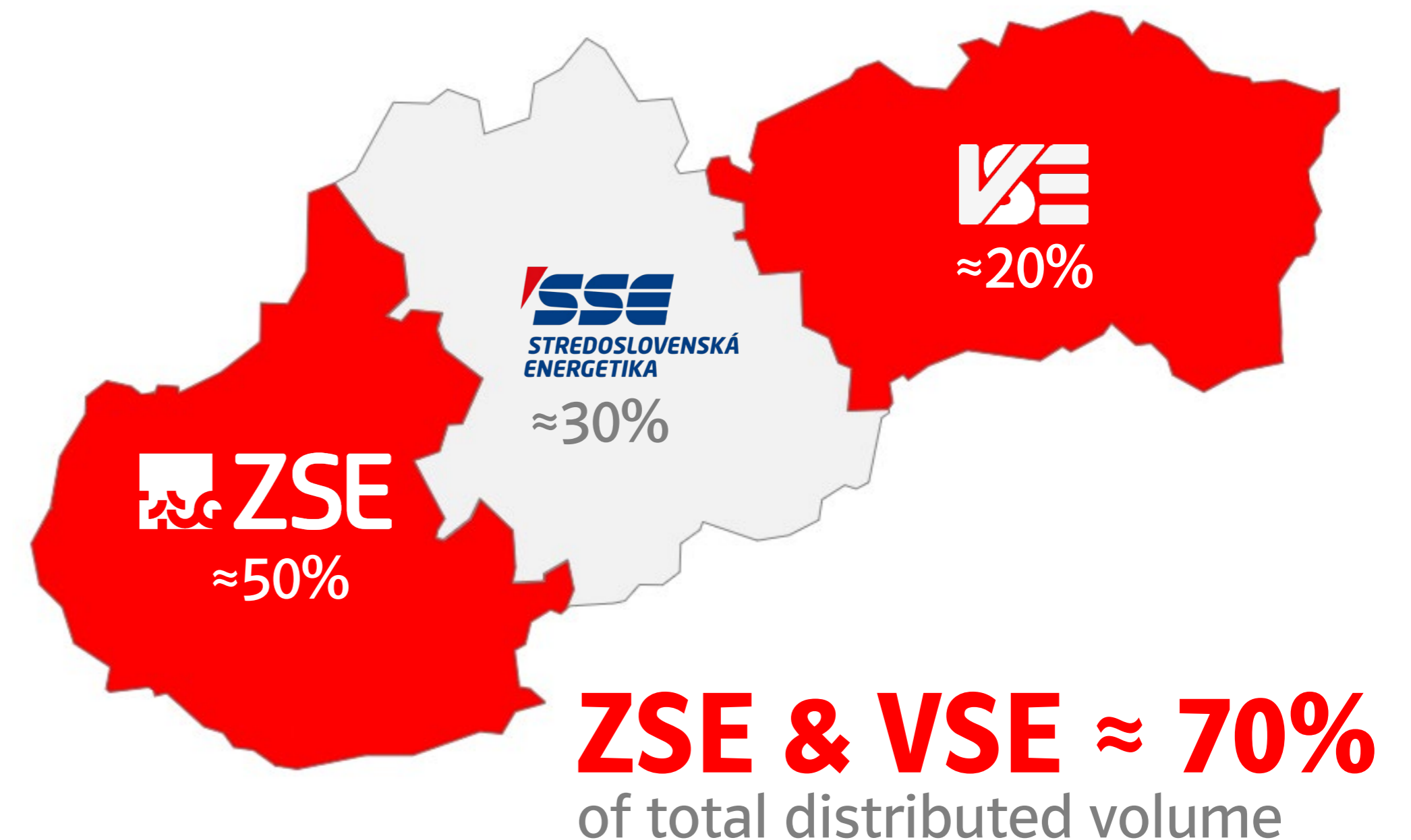
*Source: Actuals – Eurostat; Forecasts: European Commission forecast (Autumn 2024)

Slovakia: power market overview

Power Market Overview



Power Distribution (2023)



- ZSE is the **largest electricity Distribution System Operator (DSO) in Slovakia**
- ZSE and VSE are **natural monopolies** in their **respective territories** with 100 years history



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ZSE
at a glance

ZSE corporate and shareholder structure



- Majority-owned by the **Slovak government**
- Strong shareholder structure

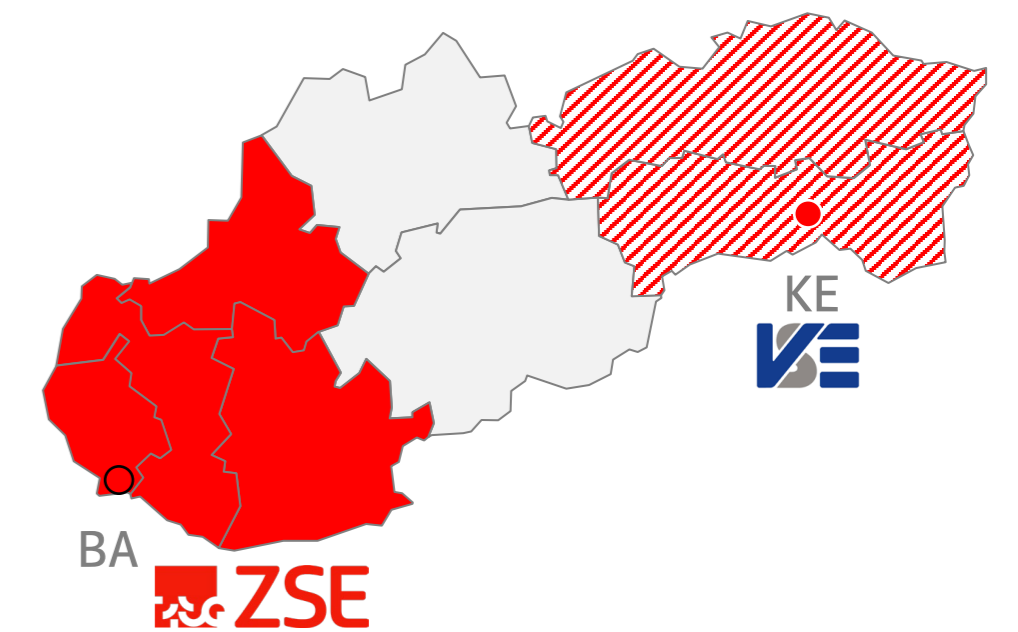
S&P rating upgrade to „A (stable outlook)“

Rating upgrade

- On 21 June 2024 S&P upgraded the current ZSE rate from A- to A (with stable outlook)
- The improvement of ZSE rate comes as a result of the integration of VSE & related **strengthening of ZSE financial and market position**

Successful integration

- ZSE & VSE combination resulting from E.ON asset swap with RWE (VSE was part of Innogy)
- **VSE Group fully consolidated in ZSE financial statements since 23rd November 2023**
- Integration with **operational & financial upsides**
 - Scaling of financial (e.g. EBITDA) & operational KPIs (volumes, customer base, RAB)
 - Benefits from shared services & Integrated sourcing benefits
 - Reducing leverage (VSE leverage lower)



Stable earnings secured by regulated cashflows

Distribution Business

- Large and stable customer base of 1.9 million connection points (ZSD 1.2m & VSD 0.7m)
- Monopolistic market position is regulated
- Regulatory mechanism - **price CAP regulation**

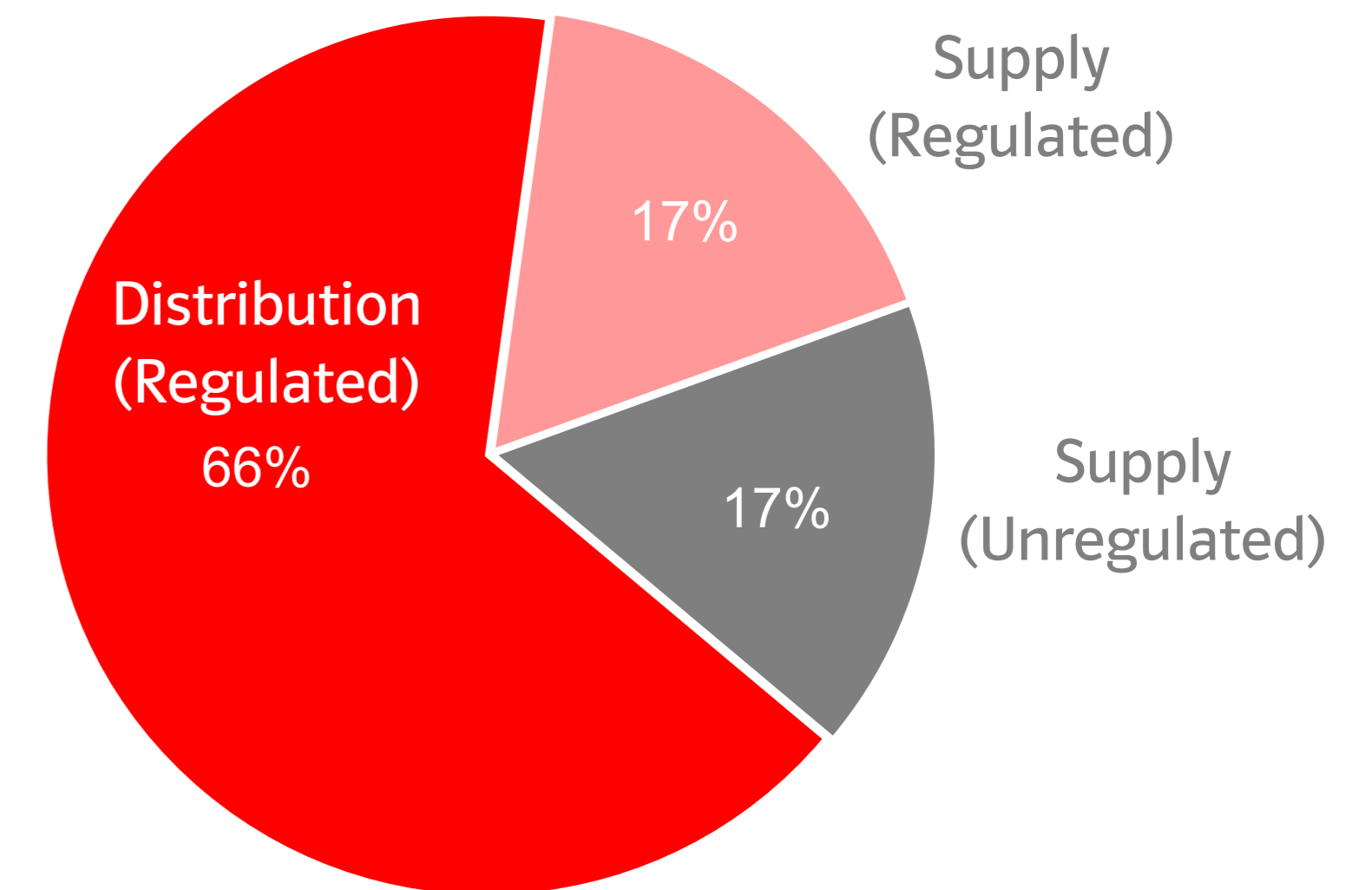
Supply Business

- Supply of power and gas to **households** is fully regulated
- Supply to **small SMEs** (power < 30MWh p.a. & gas < 100 MWh p.a.) subject to regulation

Key Take-away

Mostly regulated earnings

ZSE 2024 EBITDA 398m€ excl. Malzenice



83% of EBITDA regulated*

Excluding non-core Malzenice powerplant

Environmental Social Governance (ESG)

ZSE as an active leader of sustainable energy transition

- **ZSE published consolidated reporting of sustainability information (under the CSRD) as part of the Annual report 2024**
- **3rd consecutive year of external ESG rating** by Sustainalytics with Medium ESG Risk Rating (12/2024)
- ZSE Green financing framework introduced in Nov 2022
- Core business: **distribution grid operation** as well as **sales (mainly power)**
- Other selected ESG relevant business activities:
 - **Grid modernization** – e.g. via EU co-financed projects ACON & Danube InGrid, Modernization of regional distribution grid, building up the UFC e-mobility network
 - **Guarantees of origin** – as 1st in SK offered the households to cover their consumption with Power from RES, the customers have the option to choose their preferred source of renewable energy
 - **E-mobility** – (#1) largest charging infrastructure operator on the SK market
 - Non commodity solutions: PPA contracts, battery storages, HVAC solutions

ZSE strategic goal: gradual reduction of GHG emissions towards carbon neutrality by 2050

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Distribution
business

Largest electricity distribution system operators

Key Drivers



Distribution regulatory mechanism

Key Features

- 5-year term
- Current regulatory period (2023-2027)
- Stable & predictable regulation
- Price CAP mechanism

Regulatory Period

- Previous regulatory period (2017 - 2021) extended by one year

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Previous regulatory period						Current regulatory period				

Adequate Profit Calculation

$$\text{RAB (Regulation Assets Base)} \times \text{WACC} = \text{Profit}$$

Allowed Revenue Calculation

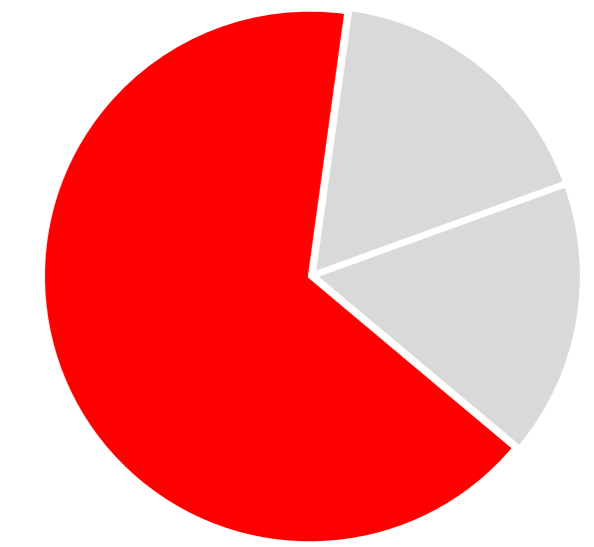
$$\text{Profit} + \text{D\&A (Depreciation \& Amortization)} + \text{Opex} = \text{Allowed revenue}$$

Distribution business

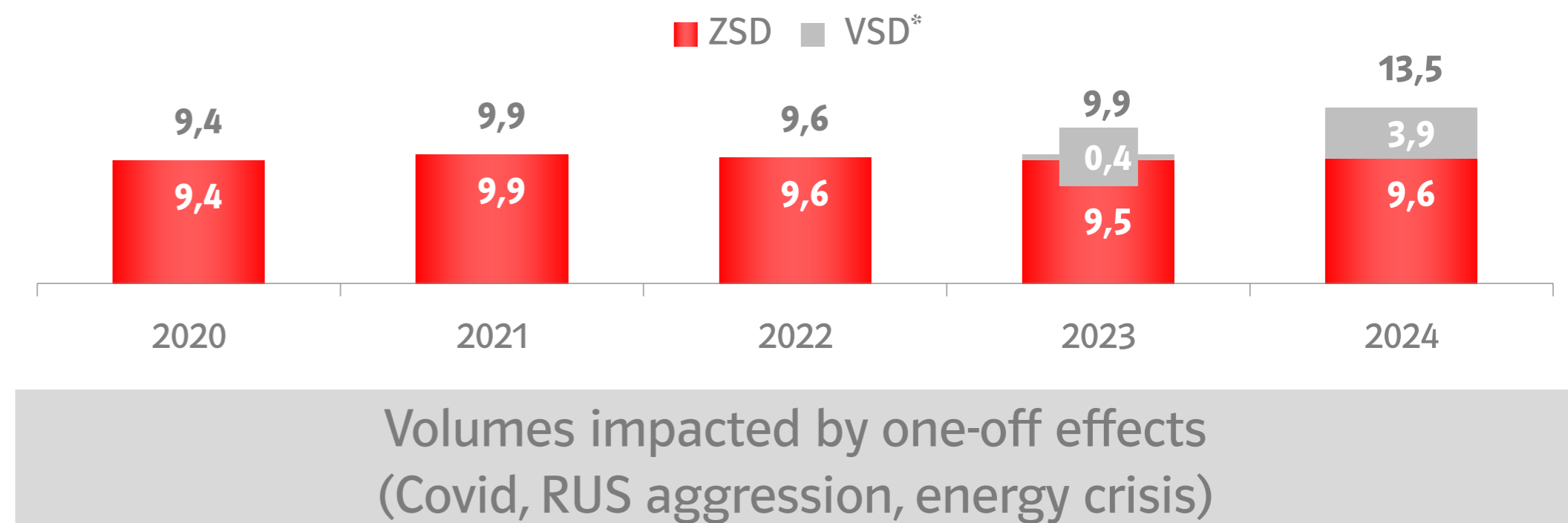
Stable Earnings Proven by Regulation

- **Long-term stable distributed volume**
- **Business organic growth** driven by economic development and decarbonization
- ZSD operates in **most-developed Western part of Slovakia** with customer base over 1.2m delivery points
- VSD (integrated in Nov 2023) operates in Eastern part with additional 0.7m delivery points
- EBITDA in 2023 impacted by collection of deficit from network losses

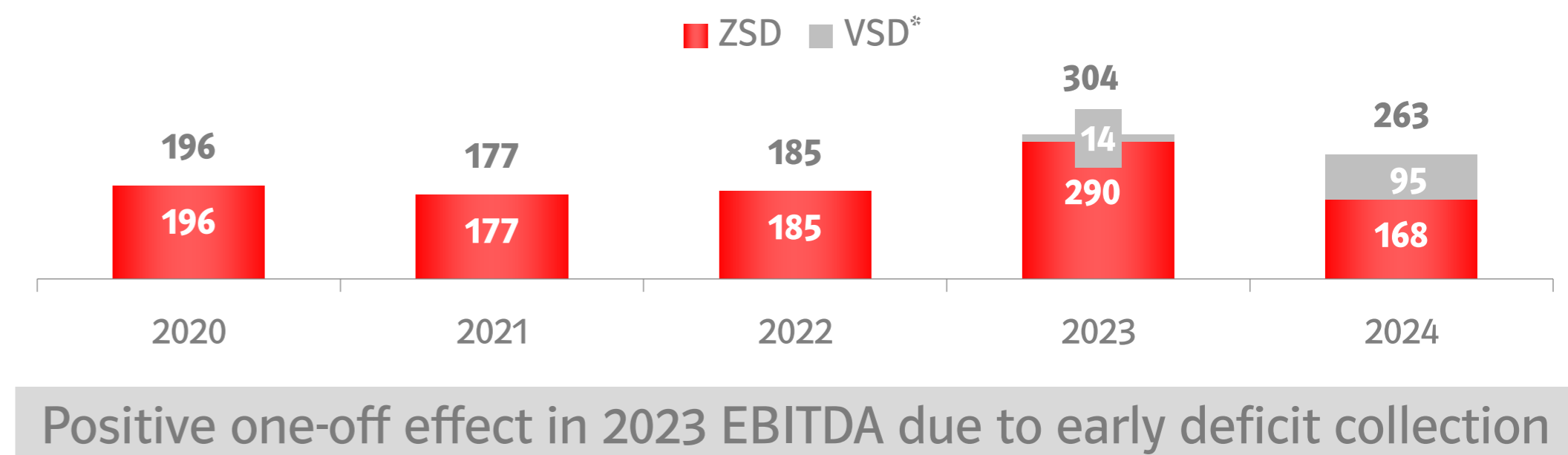
Distribution (Regulated) 66%



Distributed Volume (TWh)



EBITDA Development (m€)



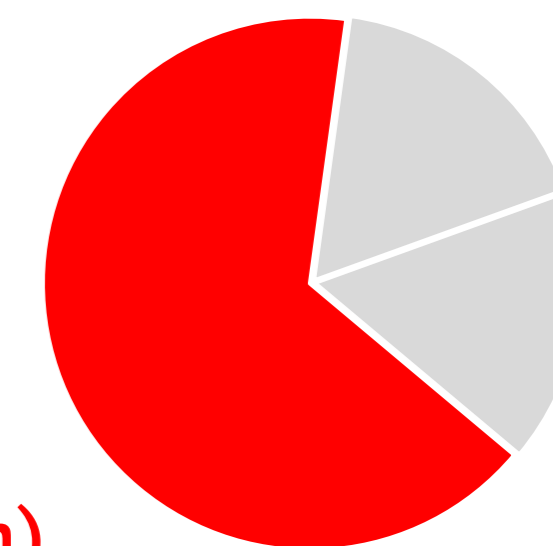
* In 2023, VSD contribution accounts roughly for over a month of financial results, providing the VSE integration decisive date was 23rd Nov 2023

Distribution business

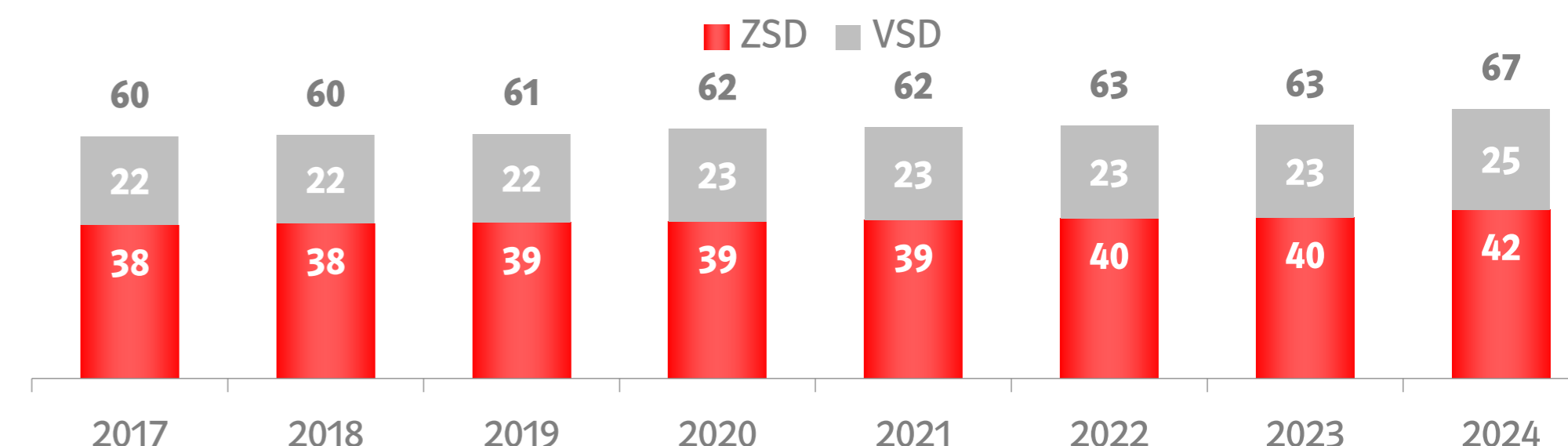
Asset Driven Business

- Renewal of distribution network in line with stable grid needs to **ensure distribution service at required level**
- Investment's strategy constantly **reduces network losses** and **increases the quality and reliability of the grid**
- **Focus on development and maintenance of the grid to ensure fulfillment of the quality standards** required by Regulator
- **CAPEX reflecting natural growth** of new business and expansion of the grid mainly driven by new connections

Distribution (Regulated)
66%

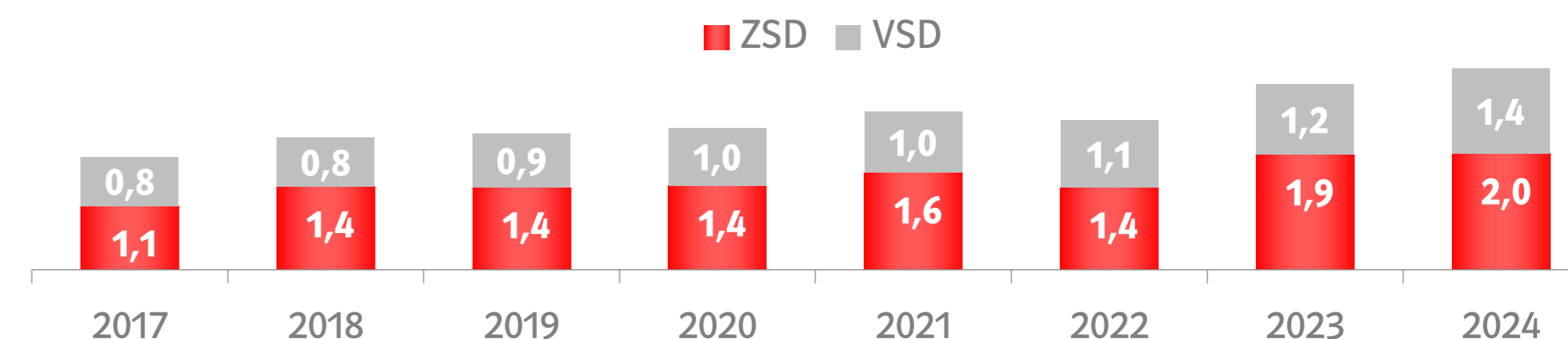


Network Length Development (000 km)



Stable annual development of the network

CAPEX/Depreciation ratio



Increased investments to grid development and renewal



4



Sales
business

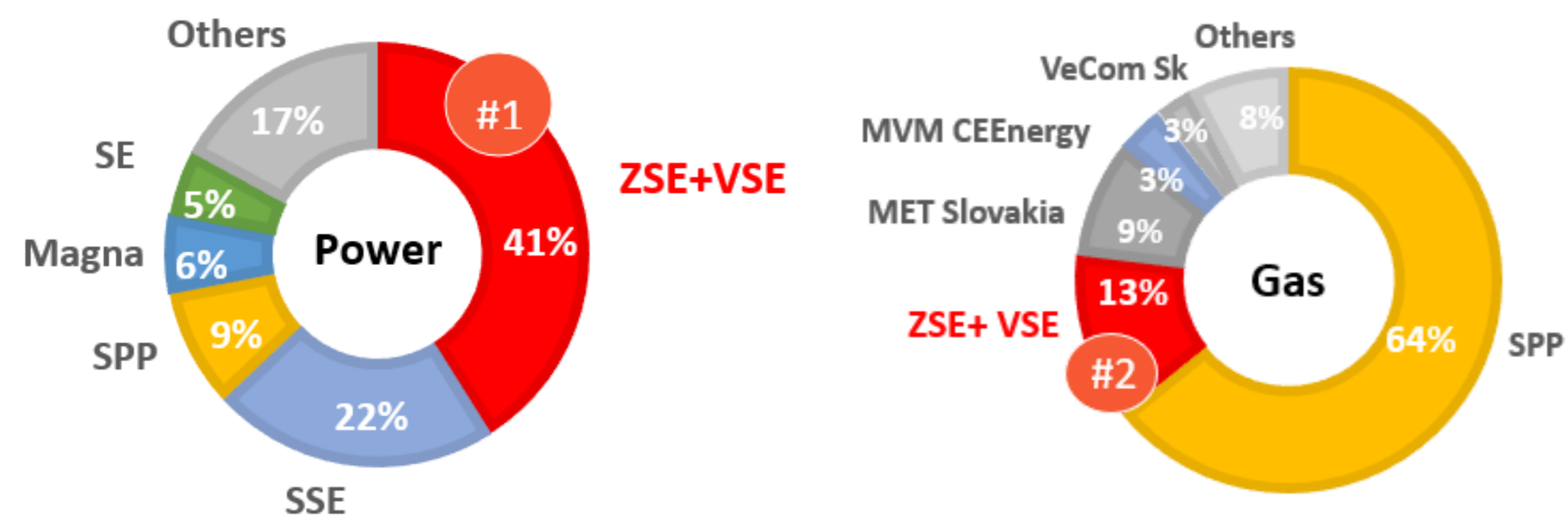
Supply business

Key Topics

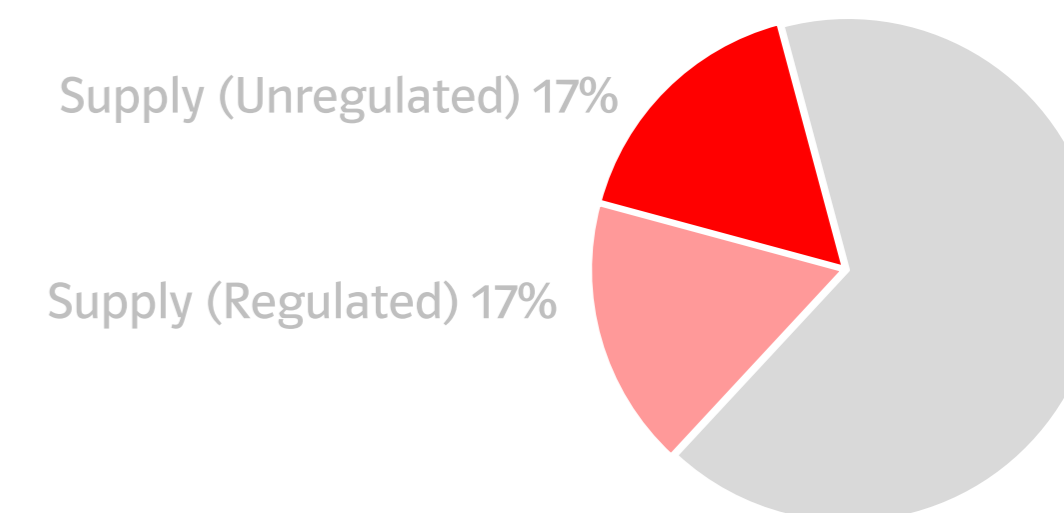
Power & Gas Business

- Predictable regulatory framework
- EBITDA is largely regulated
- **Stable market leading position in supply business: #1 in Power & #2 in Gas**
- **Very low churn rate in retail segment**

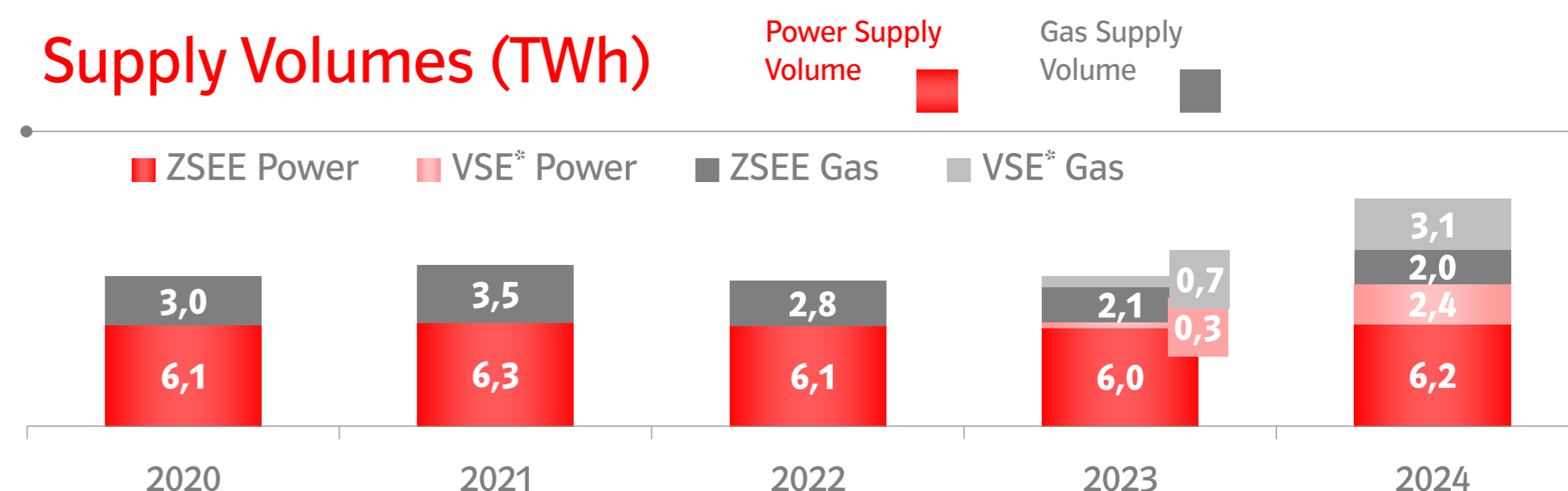
Market Shares in Slovakia 2023**



Key Figures

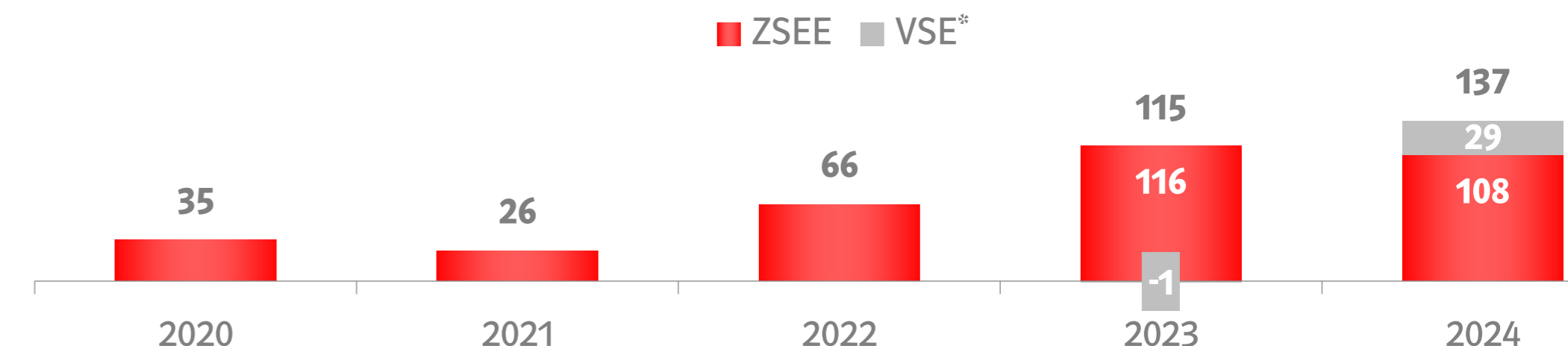


Supply Volumes (TWh)



Long-term stable development in total supplied volumes

EBITDA Development (m€)



Strong EBITDA growth in past years



* In 2023, VSE contribution accounts roughly for over a month of financial results, providing the VSE integration decisive date was 23rd Nov 2023

**Based on volume supplied – derived from Annual report 2023 of Regulatory Office for Network Industries

5



ZSE group
key highlights

ZSE key highlights

Overview

- 1** **State co-owned company** with investment grade-rated shareholders
 - 2** **Growing business** after successful **integration of VSE**
 - 3** **Mostly regulated earnings** and low-risk
 - 4** **Strong and stable financials** with solid earnings
-

A



Appendix

Consolidated figures from Financial Statements

Balance Sheet items € m	2020	2021	2022	2023	2024
Current Assets	254	255	491	775	632
Non-Current Assets	1 082	1 170	1 184	2 425	2 544
Total Assets	1 336	1 426	1 675	3 201	3 176

Equity	217	269	339	1 286	1 349
Current Liabilities	302	337	820	810	694
Non-current Liabilities	816	819	516	1 106	1 134
Total Liabilities	1 118	1 157	1 336	1 916	1 827
Total Equities and Liabilities	1 336	1 426	1 675	3 201	3 176

Profit & Loss items € m	2020	2021	2022	2023	2024
Revenue	1 211	1 341	1 682	2 322	2 469
EBITDA	240	247	250	424	398
EBIT	177	184	185	345	247

Income	1 258	1 372	1 712	2 373	2 540
Expenses	(1 099)	(1 205)	(1 545)	(2 042)	(2 313)
PBT	159	167	167	331	228
Income tax expense	(24)	(31)	(41)	(82)	(78)
Net profit	134	136	126	248	150

Note: Presented figures in Profit & Loss items for 2022 -2024 do not contain discontinued operations, i.e. CCGT powerplant in Malženice



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